

EXHIBIT E

Rec'd 7/30/07
ML

John Watson, Pro Se

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July 27, 2007

United States District Court

Southern District of New York

AMERICAN GUARANTEE AND LIABILITY

INSURANCE COMPANY

Plaintiff

Vs

JOHN R. WATSON

Defendants, **PRO SE**

*****Please accept this as a response for John R. Watson only. Gerald Lemus and Mr. Watson are not corresponding with one another or coordinating their responses with regard to this matter.**

Answer to Lawsuit

1. Accept
2. Accept
3. Unknown
4. Deny, Lemus resides in Brevard County

5. Accept
6. Accept
7. Accept
8. Accept
9. Accept
10. Accept
11. Accept
12. Accept
13. Accept
14. Deny. The bonds were in effect continuously up to (the date Pam received notice....I think December 2006) and Plaintiff continued to accept premiums and offer coverage for X months To Debtor in Possession, Independent Wholesale Inc after filing Chapter 11 on April 21, 2006.
15. Deny. Proof of Claims were submitted but are currently being actively disputed since State of Florida has been over charging on tobacco tax and has already settled with McClanes Sun East. Once the settlement is made it should eliminate any taxes owed. The State f Florida has made NO CLAIM on the bond, presumably till this matter is resolved.
16. Deny. See answer in 15.
17. Deny. See answer 15.
18. Deny. Final amount owed to State of Florida, IF ANY remains undetermined till State fo Florida reconciles its overpayment error.
19. Deny. Independent is part to 2 multimillion-dollar lawsuits currently at the Supreme Court (1. Andalusia Distributing Co., Inc. et al vs. R.J. Reynolds Tobacco Co. 2. Andalusia Distributing Co., Inc, et al vs. Philip Morris USA, Inc.). Both cases have been consolidated under Case No: 06-1578. Depending on the award Independent may be able to pay some or all creditors.
20. Deny. Unsecured claimed: \$1,000,000 (cigarette bond) and \$50,000 tobacco tax bond. Secured Credit is correct but includes debt owed on a non Chapter 11

real estate Mortgage currently being sold to offset approximately \$4MM of that claim.

21. Accept

22. Deny. It is not a fact that any monies are owed to the State of Florida till it offers a final decision on the amounts owed after its reconciliation on the claim of overcharging independent.

23. Deny. No loss has been established till the State of Florida claims on the Surety bond and the estates lawsuits referenced in 19 are rejected by the supreme court.

24. Deny. See 22

25. Deny. See 22

26. Unknown. No proof has been provided.

27. Unknown. No proof has been provided.

28. Accept

29. Deny. Defendants have no obligation until the State has claimed on the bond, which is pending its review of the overcharging matter.

30. Deny

31. Deny

32. Deny

33. Deny

34. Deny. See 29

35. Accept. See 29

36. Deny. See 29

37. Unknown

38. Unknown

39. Deny. See 29

Dated: Orlando, Florida

July 26, 2007

Respectfully submitted,

John R Watson, Sr

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